MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BIB2074 – INTERNATIONAL BUSINESS

(All sections / Groups)

17 OCTOBER 2016
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 5 Questions only.

2. Attempt **FOUR** out of **FIVE** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please print all your answers in the Answer Booklet provided.

QUESTION 1

The Trans-Pacific Partnership was one of the major multinational trade deals ever created. It has been signed by ministers from 12 member nations in Auckland, New Zealand. The trade pact, which took 5 years to make, was a step towards its realisation. Australia's minister for trade Andrew Robb was the first to sign the pact. Those attending the ceremony cheered as his counterpart, New Zealand trade minister Todd McClay, added the last signature. But the TPP continues to face opposition. The 12 nations account for some 40% of the world's economy - they now have two years to ratify or reject the pact (*BBC Business News, 2016, February 4,* "Trans Pacific Partnership trade deal signed in Auckland").

TPP is an example of globalization that is believed to challenge national sovereignty. Explain the other **THREE** (3) issues that surround globalization, and how is it viewed by critics and supporters. (25 marks)

QUESTION 2

The following table shows Malaysia and Thailand's production of natural rubber. Thailand is the world's no.1 producer of rubber, accounting for approximately 35.8% of total world production, far superseding Malaysia which accounts 7.4% of world's total. (*Malaysia Rubber Board, 2015, National Rubber Statistics).* The following shows the total production of the two types of natural rubber in Malaysia and Thailand

Country	**Thailand**	**Malaysia**
Production of Latex (tonnes)	964,000	46,000
Production of Dry Rubber (tonnes)	1,732,000	676,000

Sources: ***Malaysia Rubber Board (2016), Thailand Rubber Association (2016)***

Should both countries have similar units of resources, we would say Thailand have an absolute advantage over Malaysia in the production of rubber. Suppose Thailand can produce either 2.5 mil. tonnes of latex and 2.7 mil. tonnes of dry rubber, and Malaysia can produce either 0.2 mil. tonnes of latex or 1.3 mil. tonnes of dry rubber.

a) Which item does Thailand have comparative advantage over? Explain. (8 marks)

b) Under what circumstances will trade be neither beneficial nor harmful to both Thailand and Malaysia? (3 marks)

c) List **SEVEN** (7) assumptions of the Theory of Comparative Advantage. (14 marks)

(Total: 25 marks)

Continued .....

QUESTION 3

When the United Kingdom European Union Membership Referendum 2016 was held, many argued that by leaving the European Union (EU), also known as 'the Brexit', the United Kingdom would turn into an inhospitable place for new businesses. It was believed that most businesses will relocate to other parts of Europe. However, an economic report on the country post-referendum has surprisingly found the number of new businesses to have gone up. It was later argued that post-Brexit Britain will be attractive to entrepreneurs as people believed that the UK will eventually return to its former glory as a business hub. Thus for new entrepreneurs wishing to tap into its future opportunities, now is the perfect time to enter (summarized from *The Telegraph UK: Business News, 2016, July 11, "Post Brexit will offer more for startups").*

a) Explain **THREE** (3) first mover advantages of entering Britain's market early. (15 marks)

b) Many new businesses entered the UK market at a small scale. Explain the advantage and disadvantage of entering on a small scale. (10 marks)

(Total: 25 marks)

QUESTION 4

National governments usually require international companies to hire a percentage of local workers. This resulted in many companies hiring incompetent workers just to meet the quotas. Studies revealed that this form of government intervention is no longer effective except for a select few i.e. Saudi Aramco, Sabic, Emirates, HSBC and DHL. For others, there are a few employers who show genuine effort, but these expatriate managers remained uncomfortable with the diversity in the company. "There's an us-versus-them dynamic between expats and nationals." (summarized from *The National, Abu Dhabi: Business News, 2016, February 24, "Private sector needs to adopt a more sustainable approach to hiring Gulf nationals, says new study").*

a) What staffing policy is the United Arab Emirates promoting? Briefly explain. (5 marks)

b) Explain **FOUR** (4) dimensions that predict expatriate success. (20 marks)

(Total: 25 marks)

Continued .....

QUESTION 5

China is a fast growing market, and is a popular destination for foreign investments. However, China's market is very different from the rest of world. It is diverse even within the country itself; there are smaller segments with their own unique quirks. In addition, China's customers have many characteristics and behaviors that are uncommon and customers and users behave quite differently from those in the rest of the world. (summarized from *Forbes Asia, 2016, June 6, "5 Strategy Lessons Companies Can Learn from China").*

a) The case has shown that cross-cultural literacy is an important aspect for doing business in China. Define "Cross-cultural literacy". (5 marks)

b) List and briefly explain **SIX** (6) determinants of culture. (20 marks)

(Total: 25 marks)

End of Page